

Message Text

SECRET

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ACTION SS-25

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FM AMEMBASSY AMMAN
TO SECSTATE WASHDC IMMEDIATE 522

S E C R E T SECTION 1 OF 2 AMMAN 0819

EXDIS

E.O. 11652: GDS
TAGS: PFOR, JO, US
SUBJECT: SECVISIT TO JORDAN -- BILATERAL ISSUES

REF: (A) STATE 026796, (B) STATE 025388

1. THIS MESSAGE OUTLINES US-GOJ BILATERAL ISSUES THAT MAY ARISE DURING SECRETARY VANCE'S VISIT. A SEPARATE MESSAGE WILL DEAL WITH JORDANIAN POSITION ON MIDDLE EAST NEGOTIATION ISSUES.
2. KING HUSSEIN'S VISIT TO U.S.: THE MAJOR GOI BILATERAL CONCERN WILL BE TO OBTAIN FIRM ASSURANCES FROM SECRETARY REGARDING A SPRING TRIP BY KING HUSSEIN TO THE US. THE GOJ IS ASSUMING WE HAVE AGREED IN PRINCIPLE TO KING'S VISIT, IN VIEW OF PRESIDENT CARTER'S REMARKS AT RECENT WHITE HOUSE RECEPTION TO JORDANIAN AMBASSADOR THAT PRESIDENT LOOKS FORWARD TO SEEING KING HUSSEIN, AND THEIR UNDERSTANDING THAT SECRETARY VANCE WILL BE BRINGING A DEFINITE INVITATION TO KING. JORDANIANS HAVE IN MIND APRIL 18 ARRIVAL DATE, ALTHOUGH KING'S SCHEDULE IS PROBABLY STILL FLEXIBLE ENOUGH TO PERMIT SOME LEEWAY ON THE DATE, IF WE HAVE DEFINITE DATE TO PROPOSE DURING SECRETARY'S VISIT. WE RECOMMEND SECRETARY TAKE INITIATIVE TO
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RAISE KING'S VISIT PROVIDING KING WITH MAXIMUM AMOUNT OF INFORMATION CONCERNING IT AND IDEALLY WITH FIXED DATE.

3. FY 1978 MILITARY AND ECONOMIC AID LEVELS:
 - A) GOJ WILL BE ANXIOUS TO HAVE DEFINITE REPORT ON

FY 1978 AID LEVELS NEW ADMINISTRATION WILL PROPOSE TO CONGRESS, PARTICULARLY IN VIEW OF US NEWSPAPER REPORTS CURRENTLY CARRYING UNOFFICIAL FIGURES ON US MIDDLE EASTERN AID LEVELS WHICH CITE JORDANIAN AID AT "AROUND \$220 MILLION."

B) WE UNDERSTAND FROM REFTEL A THAT JORDAN PROGRAM IS \$223 MILLION, BUT THAT GRANT MILITARY ASSISTANCE AND SUPPORTING ASSISTANCE LEVELS ARE YET TO BE WORKED OUT. WE RECOMMEND THAT WE RETAIN OUR PREVIOUS FY 1978 LEVELS FOR JORDAN: \$75 MILLION FMS CREDIT (REQUIRING PRIOR AGREEMENT TO REPAYMENT BY A THIRD PARTY BACKER, MOST PROBABLY SAUDI ARABIA OR OTHER OIL-RICH GULF STATES), \$70 MILLION GRANT MAP AND \$77.5 MILLION IN SUPPORTING ASSISTANCE. THESE LEVELS WERE CAREFULLY STUDIED AND ARE WE BELIEVE RESPONSIVE TO JORDANIAN DESIRES AND TO THEIR NEEDS. MAINTAINING SUPPORTING ASSISTANCE FIGURE AT PREVIOUS LEVEL (1) REFLECTS LIMITATIONS ON AMOUNT OF FY 1978 ECONOMIC DEVELOPMENT PROJECTS THAT WE CAN EFFECTIVELY EXECUTE, AND (2) SUPPORTS OUR STRATEGY OF GRADUALLY REDUCING BUDGET SUPPORT PROPORTION OF SUPPORTING ASSISTANCE. MAINTAINING GRANT MAP AT \$70 MILLION WOULD RESPOND IN PART TO CURRENT JORDAN ARMED FORCES FINANCIAL PROBLEMS REGARDING THEIR HEAVY INDEBTEDNESS FOR MILITARY EQUIPMENT PURCHASES.

(C) KING WILL PROBABLY NOT RAISE AID LEVELS ISSUE WITH SECRETARY, BUT SECRETARY MAY WISH TO VOLUNTEER IN GENERAL TERMS

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THAT NEW ADMINISTRATION HAS RAISED LEVELS OF AID FOR JORDAN TO \$223 MILLION IN ITS REQUEST OF CONGRESS FOR FY 1978 PROGRAM. IF EXACT FIGURES ON BREAKDOWN CAN BE FINALIZED BEFORE TRIP, WE SUGGEST US SIDE PROVIDE GOJ AS MUCH INFORMATION ON THEM AS POSSIBLE, POSSIBLY AT GENERAL US-GOJ MEETING OR IN SIDE CONVERSATIONS WITH PRIME MINISTER.

4. GOJ FINANCIAL PROBLEMS:

A) GOJ HAS THUS FAR BEEN UNABLE TO FIND A THIRD-COUNTRY BACKER FOR ITS FY 1976 (\$82.5 MILLION) AND FY 1977 (\$75 MILLION) FMS CREDIT ALLOCATION AND IT HAS NOT YET RECEIVED AROUND \$175 MILLION IT WAS EXPECTING TO RECEIVE IN 1976 UNDER PAYMENTS ORIGINATED UNDER AGREEMENT AT RABAT SUMMIT CONFERENCE. AS A RESULT, GOJ GOVERNMENT IS RUNNING A LARGE DEFICIT AND JORDANIAN MILITARY OWE US \$50 MILLION IN UNPAID FMS OBLIGATIONS FOR MILITARY EQUIPMENT. WE DO NOT EXPECT KING TO RAISE

THIS ISSUE. WE SUGGEST SECRETARY NOT RAISE IT BECAUSE
OF INEVITABLE LINK WITH FOLLOWING ISSUE.

B) FINANCIAL PROBLEM IS COMPOUNDED BY JORDANIAN-
SAUDI "MISUNDERSTANDING" CONCERNING INITIAL SAUDI
PAYMENT BY MISTAKE TO JORDAN (INSTEAD OF DIRECTLY
TO THE US AS HAD BEEN AGREED) OF \$140 MILLION
INITIAL PAYMENT FOR (\$540 MILLION) US HAWK/VULCAN
AIR DEFENSE SYSTEM. GOJ INDICATES IT BELIEVED SAUDI
PAYMENT TO BE RESPONSE TO REQUEST TO HELP WITH ITS 1976 BUDGET
DEFICIT. AMBASSADOR HAS DISCUSSED THIS QUESTION WITH GOJ,
INCLUDING KING HUSSEIN, INDICATING HIS BELIEF THAT
IT IS IN JORDAN'S BEST INTEREST TO RESOLVE THIS ISSUE
QUICKLY AND AMICABLY WITH SAUDI GOVERNMENT. KING
HUSSEIN EXPECTS TO RAISE QUESTION WITH SAUDIS DURING
COMING VISIT. WE SUGGEST THIS ISSUE NOT BE RAISED.
WE DO NOT THINK KING WILL HAVE VISITED SAUDI ARABIA.
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THEREFORE, IF HE DOES RAISE IT, POSSIBLY WITH REQUEST TO
SECRETARY FOR HELP WITH SAUDIS, HE SHOULD BE TOLD THAT
OUR VIEW IS ISSUE SHOULD BE RESOLVED BY JORDAN WITH
SAUDIS DIRECTLY AS QUICKLY AS POSSIBLE AND IN A WAY
WHICH CONTINUES SAUDI GOOD WILL AND FINANCIAL ASSISTANCE
TO JORDAN.

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O 111429Z FEB 77

FM AMEMBASSY AMMAN

TO SECSTATE WASHDC IMMEDIATE 523

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EXDIS

5. YARMOUK WATER RIGHTS AND MAQARIN DAM:

(A) KING HUSSEIN AND THE ISRAELIS MAY RAISE THE WATER RIGHTS ISSUE WITH SECRETARY SINCE WE HAVE, WITH KING HUSSEIN'S AND GOI CONCURRENCE, BEEN PLAYING AN INFORMAL AND CONFIDENTIAL GOOD OFFICES ROLE IN DISCUSSION WITH JORDANIANS AND ISRAELI GOVERNMENTS OF YARMOUK RIVER WATER RIGHTS. THE GOJ AND INTERNATIONAL DONORS BELIEVE USG EFFORTS WILL BE REQUIRED TO OBTAIN ISRAELI POLITICAL AGREEMENT NOT TO OPPOSE MAQARIN DAM CONSTRUCTION.

(B) THE YARMOUK IS THE LAST UNTAPPED MAJOR SOURCE OF WATER TO IRRIGATE THE EAST BANK OF THE JORDAN, A NATURAL HOT HOUSE FOR AGRICULTURE. IT FORMS THE BORDER BETWEEN JORDAN AND SYRIA AND BETWEEN JORDAN AND ISRAEL EAST OF THE JORDAN RIVER. SOME ISRAELI TERRITORY USES IT ALSO FOR IRRIGATION, AND THE RESOLUTION OF WHO GETS WHAT WATER IS OF SIGNIFICANCE TO JORDAN AND ISRAEL.

(C) WE HAVE JUST COMPLETED INITIAL DISCUSSIONS WITH THE ISRAELIS. THE PRINCIPAL PROBLEM IS TO BRIDGE THE GAP BETWEEN ISRAELI REQUIREMENTS FOR WATER AND JORDANIAN AND PAST US POSITIONS ON HOW MUCH CAN BE PROVIDED. WE BELIEVE THERE ARE SOME IMAGINATIVE POSSIBILITIES FOR DOING THIS AND HOPE TO BE ABLE TO PRESENT THESE AFTER STUDIES
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ARE COMPLETED IN MARCH. THE ISRAELIS HAVE ASKED THE JORDANIANS FIVE QUESTIONS WHICH WE EXPECT TO TRANSMIT TO THEM. IF WE SOLVE THE BASIC ISSUE OF WATER FOR THE ISRAELI TERRITORY CONCERNED, WE BELIEVE OTHER ISRAELI WATER RIGHTS RELATED ISSUES WILL NOT HOLD UP AGREEMENT ON GOING AHEAD WITH THE DAM AND IRRIGATION PROJECTS.

(D) IF THE ISSUE IS RAISED, WE SUGGEST THE SECRETARY REAFFIRM OUR WILLINGNESS TO CONTINUE OUR GOOD OFFICES ROLE LEADING TO AN AMICABLE SETTLEMENT. THE SECRETARY'S PERSONAL HELP MAY EVENTUALLY BE REQUIRED FOR A SOLUTION. WITHOUT COMMITTING HIMSELF, HE MIGHT ALSO SAY HE WILL TAKE A PERSONAL INTEREST IN THE PROJECT.

6. FUNDING FOR MAQARIN DAM AND POTASH PROJECTS:
THE JORDANIANS CONTINUE TO DISCUSS WITH US THE PROSPECTIVE NEED FOR ASSISTANCE OUTSIDE OUR REGULAR PROGRAM TO FINANCE THE MAQARIN DAM AND A POTASH PROCESSING OPERATION OF DEAD SEA WATERS. BOTH PROJECTS, CURRENTLY UNDER STUDY, APPEAR TO BE FEASIBLE BUT TOGETHER COULD APPROACH \$800 MILLION IN TOTAL COST. OBVIOUSLY FINANCING FROM A NUMBER OF SOURCES

WILL BE REQUIRED, AND BECAUSE BOTH PROJECTS ARE CLOSE TO THE ISRAELIS POLITICALLY AND GEOGRAPHICALLY THE JORDANIANS BELIEVE SOME U.S. PARTICIPATION IN THE PROJECTS IS ESSENTIAL AS A KIND OF POLITICAL WARRANTY, AND TESTIMONY OF THE PROJECTS ECONOMIC SOUNDNESS TO OTHER DONORS. A U.S. ROLE, TO BE USEFUL, WOULD EXCEED AVAILABILITIES IN THE REGULAR BILATERAL PROGRAM. THEY ENVISAGE THEREFORE ADDITIONAL AMOUNTS, PERHAPS FROM THE MIDDLE EAST SPECIAL REQUIREMENTS FUND OR ANOTHER REGIONAL U.S. DEVELOPMENT FUND THAT MIGHT BE PROPOSED AS PART OF A MIDEAST PEACE PACKAGE. IT IS QUITE POSSIBLE THIS SUBJECT WILL BE REAISED DURING SECRET

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YOUR VISIT. IF THE ISSUE IS RAISED, WE SUGGEST YOU SAY THAT THE U.S. IS PREPARED TO LOOK INTO THIS QUESTION SYMPATHETICALLY, BUT THAT THERE ARE CONTINUING SERIOUS BUDGET CONSTRAINTS THAT MUST BE BALANCED OFF AGAINST SUCH NEEDS.

10. FY 1977 PL 480 TITLE I WHEAT:

JORDAN WILL HAVE A BAD WHEAT CROP FOR THE THIRD YEAR IN A ROW. THEY HAVE ALREADY BEEN GIVEN 50,000 TONS OF U.S. WHEAT, BUT FEEL THEY NEED 100,000 TONS MORE. THEY ARE CONSTRAINED BY THE FACT THAT THEY DO NOT BENEFIT FROM A SECTION OF THE LAW WHICH STIPULATES THAT 75 PERCENT OF THESE FOOD ALLOCATIONS GO TO THE POOREST STATES. THE 25 PERCENT WHICH APPLIES TO JORDAN HAS BEEN ALL ALLOCATED. WE UNDERSTAND SOME TYPE OF WAIVER MAY BE POSSIBLE. IF RAISED, WE SUGGEST YOU SAY THAT YOU ARE AWARE THAT THE EMBASSY HAS ASKED FOR A REVIEW OF THE SITUATION IN WASHINGTON AND THAT IT WILL BE LOOKED AT SYMPATHETICALLY, BUT ALONG WITH ALL OF THE OTHER OUTSTANDING REQUIREMENTS FOR WHEAT. PICKERING

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